NON-WIRES SOLUTIONS ROUND TABLE July 21-22, 2004 Meeting Summary

[Papers and handouts from this meeting are posted on the BPA web site at: http://www.transmission.bpa.gov/PlanProj/Non-Construction_Round_Table/]

Review of Overarching Goals. Brian Silverstein described the NWS Round Table's work as a way "to expand the tool kit" for BPA and the region, "so we have alternatives when we see problems on the transmission grid." The round table is looking at ways to reduce or eliminate barriers to alternatives other than construction, he said.

Review of Goals for 2003-2004. Carolyn Whitney reviewed 2003-2004 accomplishments and said it was time to reassess the direction round table members want to take. There was discussion of how NWS will fit into the rate case, and Silverstein suggested people look into the Programs in Review process to make NWS funding-related comments. BPA expects to propose a 14 to 20 percent transmission rate increase, he said. The proposed 2005 to 2006 annual budget for NWS pilots is \$500,000 from transmission and \$500,000 from energy efficiency. Competition for additional TBL R&D funding is contemplated.

Goals for 2005-2006. Silverstein went over a draft of BPA's NWS targets for FY 2005, which includes applying NWS screening criteria on capital transmission projects of \$2 million or more. With regard to NWS implementation, Silverstein reported on a meeting that sought feedback from customers, utilities and others on the Olympic Peninsula pilots. He said it seemed customers are supportive. The environmental analysis will be launched.

Institutional Barriers. Reliability: Tom Foley said work is under way on energy efficiency; distributed generation; contractual demand response and voluntary demand response. The subcommittee should continue to work on reliability issues, Foley said. Price Signals: Tom Karier said the pricing subcommittee concluded more information and experience is needed to know if pricing mechanisms are effective to encourage or discourage certain types of use. The subcommittee has gone as far as it can until BPA responds to many of the pricing issues, he said. Load Forecasting: Ken Corum presented the work of the load forecasting subcommittee, outlining the problems in determining if forecasts match reality and if there is a bias toward overforecasting. Forecasters are aware of the issues, so we may see progress, he said. Corum said follow-on work is needed on forecasting. Who Benefits, Who Pays: Bill Pascoe reported on subcommittee work on four tasks related to who benefits and who pays for NWS projects and concluded the subcommittee has done about as much as it can on the issue. This is an issue we really need to address to be successful, a round table member said. BPA said state regulators play a key role because of their role in ratesetting. Transparency: Hardey Juj reported on work done to address the issues of coordination and transparency in transmission planning. Once we have the data we need, we will seek to do planning studies, he said. BPA needs a couple of additional months to develop a long-range

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transmission plan, Silverstein told the round table. The transparency and coordination subcommittee will continue its work and report again in October.

FY04 Pilots and Solicitation for FY05-06. Participants in the NWS pilots presented results and updates. Dennis Quinn, president of Celerity, described his company's work in aggregating distributed generation on the Olympic Peninsula. Mike Hoffman reported on load-control projects at PNNL facilities in Richland, Wash. Tom Osborn described efforts in Idaho to study the feasibility of generation using biowaste from dairy herds. Brad Miller presented initial "encouraging" results from the demand reduction pilot on the Olympic Peninsula. Hoffman described the two-way load control pilot that is taking place in Ashland with both commercial and residential customers.

David Le said a solicitation went out June 10 for FY 2005-2006 NWS pilot projects. A Request for Offers was sent to 135 companies and advertised widely, he said, and offers are due August 19. A round table member expressed skepticism that the RFO would get an adequate response and suggested BPA go to distribution companies and find out if they are willing to participate in a pilot.

Transmission Adequacy. Silverstein briefed the round table on work that is being done to address transmission adequacy standards and BPA's efforts to engage the public in the discussion. He said BPA is preparing an issue paper on transmission adequacy, and the September symposium offers an opportunity to explore the topic.

Discussion of Key Issues: The round table discussed three key questions: How can we capitalize and functionalize non-wires costs? How can we better determine who benefits and who pays for non-wires solutions? What should an outreach strategy include, who should it target and how can we implement the strategy? Silverstein distilled the following points from the discussion: do site-specific analyses of the benefits of deferring transmission and distribution along with the NWS potential; be less concerned about functionalizing costs or about capital versus expense; make it real – fund measures where benefits are found; and aim with outreach to gain general acceptance for.

Round table members offered several suggestions for outreach: engage utilities through PNUCC, PPC and NWPPA; target transmission rate case participants and utilities in congested areas for outreach; use publications like the Ruralite and NRDC's magazine; and consider the Northwest Energy Efficiency Alliance as a partner in non-wires efforts.

September Symposium. Round table members offered a number of ideas for the agenda for the September 28-29 "Energizing the Northwest" symposium. They suggested a tighter focus on non-wires issues and speakers.

Round Table Goals. Round table members identified the following draft goals for the upcoming year: complete review of 2004 pilot projects; reach out to others as potential partners and for membership on the non-wires round table; establish and implement outreach activities to communities and customers; identify and conduct new pilots in partnership with utilities; and continue work on institutional barriers.

A tentative date of Oct. 27, 2004 was chosen for the next round table meeting.			